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# THE NEW GERMAN CUSTOMS TARIFF.

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ON March 1st, 1906, the new German tariff will go into effect, and thereby mark the opening of a new chapter in the commercial relations between the most progressive and aggressive country on the European continent and the nations with which it is doing business. The importance of this event can hardly be over-estimated.

The close commercial intercourse among modern nations has brought about such intimate interdependence between the leading countries of the world as to make any change in the commercial policy of one of them immediately felt among the rest. This is particularly true of Germany. In the last fifteen years, the Empire has given a practical demonstration of its ability to exert a potent influence on the commercial policies of most of the European countries. As will be shown in this article, she has managed to become the centre of a tariff system, of which the other European countries are constituent members, so that any important change in the German tariff immediately results in corresponding changes in the tariffs of the other countries. As for the bearing of the new German tariff on the interests of the people of the United States, the mere fact that Germany is our best customer, after Great Britain, is sufficient to show the vital importance to our trade of any serious changes in the tariff policy of that country. As an indication of the sentiment entertained on that subject in Germany, the following statement by Richard Calwer, an exceptionally well-informed member of the German Reichstag, is significant:

“The shaping of the schedules of the new customs tariff is influenced to a high degree by the regard for American competition. It is no extravagant statement to say that the continuance of the middle-European

commercial treaties in the direction of freer trade depends on the attitude of the Union in the matter of tariff policy."

This was said in 1902, while the new tariff was in the course of preparation.

How deliberately the Germans go about their tariff policy; how thoroughly they study all the strong and weak points in their adversaries' positions; with what scientific care they measure their own manifold interests; how carefully they guard, in their work of tariff legislation, against disturbing the stability of existing business conditions may best be seen from the way in which the new tariff has been adopted. As early as 1898—*i. e.*, more than five years before the expiration of the old tariff treaties—a Commission of government experts and leading representatives of the industrial and commercial interests was organized to make a detailed study of the needs of every industry whose products were in any way affected by the tariff. After five years of incessant work of that character, in which more than 2,000 experts took part, the new general or so-called "autonomous" tariff was enacted into law (but not put into effect) by the German Reichstag.

The new tariff law adopted on December 25, 1902, with rates considerably raised, formed the basis of diplomatic bargaining, of which it took more than two years to conclude commercial treaties with the following seven countries: Austria-Hungary, Russia, Italy, Switzerland, Belgium, Roumania and Servia. These treaties, which considerably reduce some of the rates provided for in the tariff of 1902, were enacted into law on February 22d of this year, and together form the new so-called "conventional" tariff, which will be applied to all countries enjoying "most favored nation" privileges. Deliberate and cautious as these steps have been, the new tariff is not to be thrust upon the business community of the Empire on short notice, but the country is given one full year in which to adjust itself to the new rates. Hence the date for giving effect to the new tariff law has been set for March 1, 1906.

Such, briefly told, have been the leading steps in the concluding chapter of tariff legislation, which has fixed the commercial relations of the German Empire to the rest of the world until the end of 1917 beyond the possibility of serious change.

The newly concluded treaties are the second series of their kind, those at present in force having been the first since the

formation of the Empire. To understand why Germany is so well pleased with its policy of treaty-made tariffs, it is necessary to go back to the time of the inauguration of its protective tariff system. This will not only give us an insight into the motives governing the influential spheres of the Empire in making the successive changes in the imperial tariff system, but will enable us to understand the considerations which are likely to guide the Empire in the impending negotiations with the United States.

The tariff history of the German Empire may be summed up under the following three heads: (1) Free-trade period, 1870-79; (2) Protective autonomous tariff, 1879-1891; (3) Commercial treaties, 1891 to the present time.

The German Empire started out with what might be called a free-trade policy, which it had inherited from the old régime. But the rapid development of its industries, and the appearance of American and Russian grain in competition with the native products, soon created a demand for protective duties which could not be long ignored, when called for by city and country alike.

As a result of that, Bismarck found it advisable to give up his free-trade policy, and was instrumental in getting through the Reichstag the protective tariff of 1879, which forms the basis of the German tariff to-day. Under the protection of the new tariff, the German industries made rapid strides, which soon placed that country in the front rank of modern industrial nations. Soon Germany was not only able to supply a great part of her own wants, but with incredible rapidity her manufactures entered one foreign market after another on the European continent, as well as in other parts of the world.

This brilliant success, in so far as it may be ascribed to the effect of the tariff, was due not only to the protective tariff of the German Empire, but also to the absence of protection in all of the European countries, with the exception of Russia and Austria-Hungary. For this combination of exceptionally favorable conditions, Germany was indebted to three causes: (1) the Frankfort treaty with France; (2) the liberal tariff policy of France; and (3) the "most favored nation" treaties with other European countries.

The Frankfort treaty of peace, concluded between France and Germany in 1871, provided among other matters that any

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tariff concession made by either of the two countries to England, Austria, Russia, Belgium, Netherlands or Switzerland, was to be immediately and unconditionally extended to the other. France, having inherited from the régime of the Third Empire the system of commercial treaties based on low import duties, was thus compelled by the Frankfort treaty to grant the same terms to Germany. At the same time, the other European countries, which by virtue of their commercial treaties with France, had also reduced their duties for the time being, were compelled to admit at the same low rates their imports from Germany, owing to the "most favored nation" treaties which they had with that Empire. The result was that Germany could with impunity shut out foreign imports from her domestic market, while obtaining practically free admission for her manufactures to all the European markets, except Russia and Austria-Hungary.

Russia, like the United States, held aloof from the commercial agreements then so much in vogue among the European Governments, preferring to regulate her commerce in accordance with her own views of its interests. This she did with such telling effect that Russia's imports from Germany dropped from 228 million marks in 1880 (the year following the adoption by Germany of her protective tariff) to 129 million marks in 1892; Austria-Hungary was also in a position to retaliate.

The selfish policy of Germany could not fail to arouse resentment among the other European nations, especially in France, who saw herself rapidly pushed to the rear by her victorious adversary. As soon as her commercial treaties reached their time of expiration in 1892, France gave notice to the world that henceforth she would return to the policy of autonomous regulation of the tariff. The other countries followed suit, all preparing to revise their tariffs on a protective basis. Germany was now confronted with the prospect of having her Russian experience repeated in the other foreign markets. This she could ill afford to permit, since the very existence of several of her industries had come to depend on the continued patronage of her foreign customers. Something had to be done at once to prevent such a calamity, and the only means at the disposal of the German government was the scaling down of its own tariff rates as the price of similar favors on the part of the foreign governments. Such was the origin of the commercial treaties of 1891, which in-

augurated the system of the so-called "conventional tariff" in Germany. By this arrangement, the protective tariff of 1879 remained in force as the general or autonomous tariff of the Empire, to be applied to countries having neither a commercial treaty with Germany nor a "most favored nation" agreement, while the conventional tariff was to be applied to the other countries.

Thus Germany supplanted France as the centre of a European customs system, the members of which guarantee to each other preferential rates, which are settled beyond the possibility of change during the life of the treaties. The preference, however, is not limited to the members directly entering this loose alliance, but is extended to any other nation enjoying "most favored nation" treatment.

Her industries having attained sufficient strength under the protective policy to be able to withstand the competition of foreign countries, and needing an outlet in foreign markets because of the high degree of development they had reached under that system, Germany could well afford to inaugurate the change. So sure was she of the advantages of the new policy that she insisted on a mutual binding of the respective tariff rates agreed upon in her treaties for a period of twelve years, thus insuring to her industries a long period of stability and certainty, so far as the tariffs at home and in the principal foreign countries were concerned.

Subsequent events proved the wisdom of the German policy. From \$756,000,000 in 1891, her exports of domestic products rose to over \$1,295,000,000 in 1904, an increase of more than 71 per cent. During the same period, the domestic exports of France increased from \$689,000,000 to \$895,000,000, or less than 24 per cent., in spite of her autonomous high tariff; and of Great Britain, from \$1,203,000,000 to \$1,413,000,000, or about 17 per cent. Similar and even more striking figures could be cited in illustration of the growth of German commerce with the individual countries with which she entered into commercial agreements.

This growth of German exports was the result of the increase of the output of her manufacturing and mining industries beyond the needs of the population of the Empire. The agricultural products, though showing some increase, due partly to a very slight increase of the area under cultivation (a little over 3 per

cent.), and still more to improved methods of intensive cultivation, fell far short of supplying the needs of her growing population. The result was that Germany had to depend, in a rapidly increasing measure, on imported grain. This condition of affairs was clearly realized in 1891, at the time of the conclusion of the commercial treaties; and, as the price of cereals was at the time quite high, and a reduction of the high duties on cereals was urgently demanded by Austria-Hungary, Roumania and Russia, the duties on agricultural products were considerably reduced.

However, no sooner had the new tariff gone into force than conditions in the world markets changed, and the prices of agricultural products greatly declined. This had the effect of stirring the German landlords to renewed political agitation for protective duties on agricultural products. In no country of Western Europe does the landed aristocracy retain its political power and influence to the extent it does in Germany, and especially in Prussia. At the Court it practically has no rival; all the positions of command and honor in the army are in its grasp; all that is most influential and desirable in the bureaucratic machine of the Prussian Kingdom and the German Empire is in its undisputed possession. Having the ear of the Emperor, whose direct influence on legislation is greater than that of any other constitutional monarch in the world, skilfully and persistently fanning the agitation among the rural population of the country, which has a representation in the German Reichstag out of proportion to its numerical strength, and using all its social and political advantages, the German aristocracy was able to bring the government around to its point of view, and make the question of protection of the agrarian interests the paramount object of the government's solicitude in framing the new tariff.

Bearing in mind these facts, it will be easy to follow out the important changes through the elaborate network of the new German tariff. There is not an article of any importance in the agricultural list that can be produced at home the duty on which has not been raised. The duty on wheat, for instance, has been raised from 3.50 marks per 100 kilos in the present conventional tariff to 7.50 marks in the new autonomous tariff, or more than 114 per cent.; on corn from 1.60 to 5.00 marks, or 212 per cent.; on flour from 7.30 to 17.75 marks, or 156 per cent.; on bacon from 20 to 36 marks, or 80 per cent.; on lard from 10 to 12.50

marks, or 25 per cent.; on hops from 14 to 70 marks, or 400 per cent. Several products formerly on the free list have now been made dutiable; thus, potatoes, formerly admitted free, will now be subject to a duty of 2.50 marks per 100 kilos; other vegetables, like tomatoes, asparagus, mushrooms, melons, etc., also formerly admitted free, are put under a duty of 20 marks per 100 kilos, when imported in a fresh state, and 40 marks, if dried or otherwise prepared; several varieties of flowers, plants and fruit have met with a similar fate.

In the case of manufactures, owing to the radical changes in the classification adopted in the new tariff, no such exact comparison of old and new rates can be made. One thing, however, becomes apparent at a glance, and that is the absence of such sweeping changes in a uniformly upward direction as are found in the agricultural schedules. A number of rates have been advanced, especially those affecting articles in which the United States has recently begun to compete in European markets, such as boots and shoes, certain kinds of machinery, especially of the light-weight varieties, hardware, tools, motors, bicycles, sewing-machines, typewriters, etc. The agrarian protectionists were only too glad to grant higher rates to the manufacturers, in order to get the support of the powerful industrial syndicates for their own measures. But, unlike the rates in the agricultural schedules, side by side with increases there are also reductions, while a very large number of rates remain unchanged. This is not surprising, since increased protection to manufactured products did not furnish the motive for tariff revision. Confident of their ability to hold the home market, the manufacturers were not so much after increased rates of import duty as after more favorable rates in foreign markets on German manufactures.

It is but natural that, under those conditions, the manufacturing and commercial classes have been less pleased with the results of the tariff than the agrarians. As pointed out by Dr. Soetbeer, the able General Secretary of the Association of German Chambers of Commerce, the average rate on agricultural products under the present conventional tariff, according to official figures, is about 21 per cent. *ad valorem*; while that on manufactured articles is only 10 per cent. The new tariff will tend to make that contrast still greater.

It will be noted that, in making the above comparison, the



rates quoted were from the present conventional and the new autonomous tariffs. This was done in order to indicate the increase in tariff taxation to which the exports from this country would be subject, if the German government were to apply the autonomous tariff to imports from the United States. The conventional rates as fixed by the new treaties, while considerably above the present conventional tariff, are much lower than the autonomous rates.

The question the American people are most interested in is as to the possible effect of the new tariff on our exports to Germany. It has been pointed out above that Germany is our largest customer, after Great Britain. Our export trade to that country has been growing at a rapid rate, having risen from \$93,000,000 in 1891, to \$215,000,000 in 1904, or more than 131 per cent.; while our imports from that country during the same period rose from \$97,000,000 to \$109,000,000, or slightly more than 12 per cent. The leading part in this export trade belongs to agricultural products, cotton alone exceeding one-half of our exports, and with wheat, corn, tobacco, flour, lard and a few other products of a similar kind, making up fully three-fourths of our entire export trade with Germany. The balance consists largely of crude and semi-manufactured products, such as leather, lumber, fertilizers and petroleum; the few manufactured articles, such as machinery, bicycles, typewriters, boots and shoes, playing but a secondary part. In making up the accompanying table, the most important articles of our export trade with Germany have been selected as nearly as they could be made to correspond with the classification adopted in the German tariff, indicating the rates of duty to which they are subject at present when imported into Germany and those they will have to pay after March 1st, 1906, under the autonomous and the conventional tariffs respectively.

The point to be considered next is the relation between the autonomous and the conventional rates of the new tariff. While the conventional rates indicate the minimum extent of disadvantage to which all foreign countries will be subject in the German market in competition with German manufacturers, the excess of the autonomous rates over the conventional rates shows the additional disadvantage a country may find itself at, in its competition not only with the native industries, but also with foreign competitors enjoying the lower rates. If wheat coming

*Principal articles exported from the United States to Germany, and rates of duty under existing tariff of that country, compared with the autonomous and conventional tariffs which will go into force March 1st, 1906:*

Articles exported.	Value in 1904.	Present tariff on imports from United States.	New autonomous tariff.	New conventional tariff.
		Rate per 100 pounds.		
	<i>Million dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Cotton .....	109.0	Free.	Free.	Free.
Corn .....	7.2	a0.10	a0.31	a0.19
Wheat .....	6.0	a.23	a.49	a.36
Tobacco .....	5.0	9.19	9.19	.....
Lard and tallow.....	15.6	1.09	1.36	1.09
Copper .....	11.3	Free.	Free.	Free.
Petroleum, refined .....	7.2	.65	1.08	.65
Petroleum, lubricating ..	1.6	1.08	1.08	.65
Paraffin .....	.9	1.08	1.08	.86
Oil cake .....	4.1	Free.	Free.	Free.
Flour .....	2.2	b1.55	b4.00	b2.17
Bacon .....	1.0	2.16	3.89	.....
Beef, fresh .....	.....	1.62	4.87	2.92
Beef, salted, etc.....	.4	1.84	6.45	2.92
Apples, dried .....	1.2	.43	1.08	.43
Apples, fresh .....	.9	Free.	.27	.....
Prunes, dried .....	.8	.43	1.08	.65
Oranges .....	.....	.43	1.30	.35
Cottonseed-oil .....	1.1	1.08	1.35	.....
Rye .....	.....	a.21	a.42	a.30
Lumber, soft, sawed.....	2.2	c1.14	c1.79	c1.14
Logs .....	1.2	c.29	c.29	c.17
Furs and fur skins, raw...	1.4	Free.	Free.	Free.
Hides, half-dressed .....	.....	1.95	3.25	3.25
Leather .....	.8	3.90	8.65	.....
Phosphates, fertilizers...	2.6	Free.	Free.	Free.
Rosin and turpentine ....	3.3	Free.	Free.	Free.
Sewing-machines .....	.9	2.60	3.79	.....
Typewriters .....	.9	2.59	6.49	.....
Machinery .....	2.5	.27-1.30	.32-2.16	.....
Boots and shoes.....	.4	5.41	d9.19-19.47	d8.49-9.74
Builders' hardware .....	.9	.65-2.60	.65-2.16	.....
Bicycles .....	.1	2.59	16.19	10.79

a Per bushel.    b Per barrel.    c Per cubic metre.

d Rate decreases as weight of boots or shoes, per pair, increases.

from the United States were to be subject to a duty of 49 cents per bushel (according to the autonomous tariff), while Russian and Hungarian wheat paid only 36 cents (the rate to which those countries will be entitled under the treaties now concluded), it does not require any elaborate calculations to tell in what country

the German importer will prefer to place his order. The same reasoning applies to other articles even with greater force. For, while the excess of the autonomous rates over the conventional is only 36 per cent. in the case of wheat, it is as much as 50 per cent. in that of bicycles; 63 per cent. for corn; 66 per cent. for petroleum; 84 per cent. for flour; 100 per cent. for some kinds of shoes, etc.

Which of the new tariffs are the imports from the United States likely to be put under? is the question which now agitates the business men of this country. A brief review of the lines of action which have so far marked the relations between the two countries in this special field may be helpful in clearing up the leading considerations actuating their respective governments. Two principal factors have entered into those relations: the actual mutual obligations imposed upon the two countries by the treaty stipulations now in force, and the respective interpretations of the "most favored nation" clause governing the commercial relations of the two countries in a general way. As to the former point, what is officially known as the "Commercial Agreement between the United States and Germany," of July 10th, 1900, is the "law of the land" in both countries. It was concluded under President McKinley by virtue of Section 3 of the Dingley Act of 1897, which conferred on him the authority of entering into such agreements without submitting them for ratification to the Senate. The section referred to authorized the President to grant the following special rates, representing concessions ranging from 12½ to 25 per cent. on articles which cannot be said to be of vital concern to American industries:

"Upon argols, or crude tartar, or wine lees, crude, five per centum ad valorem." (Regular rate, 1 cent per pound.)

"Upon brandies, or other spirits manufactured or distilled from grain or other materials, one dollar and seventy-five cents per proof gallon." (Regular rate, \$2.25 per gallon.)

"Upon still wines, and vermouth in casks, thirty-five cents per gallon" (regular rate, 40 cents); "in bottles or jugs, per case of one dozen bottles or jugs containing each not more than one quart and more than one pint, or twenty-four bottles or jugs containing each not more than one pint, one dollar and twenty-five cents per case" (regular rate, \$1.60), "and any excess beyond these quantities found in such bottles or jugs shall be subject to a duty of four cents per pint or fractional part thereof" (regular rate, five cents), "but no separate or additional duty shall be assessed upon the bottles or jugs."

"Upon paintings in oil or water-colors, pastels, pen-and-ink drawings, and statuary, fifteen per centum ad valorem." (Regular rate, twenty per centum.)

In return for these concessions, the German government extended "to the products of the United States, on their entry into Germany, the tariff rates which have been conceded by the Commercial Treaties concluded during the years 1891-1894 between Germany, on the one part, and Belgium, Italy, Austria-Hungary, Rumania, Russia, Switzerland and Servia on the other part;" and agreed, moreover, to "annul the regulations providing that the dried or evaporated fruits imported from the United States into Germany be inspected on account of the San José scale."

That Secretary Hay got the better end of the bargain may be seen from the fact that in none of the other treaties with France, Portugal and Italy, in which the same concessions were made to those countries on our part, as in the above agreement, were any such sweeping concessions made to us in return, although both France and Italy have minimum tariffs similar to the conventional tariff of Germany, which they extend to "most favored nations;" and Portugal has also quite an extended list of articles on which special rates of duty are levied when imported from "favored nations."

As most of the imports into Germany from the United States enter into competition with the agricultural products of that country, the concessions made to us have served to irritate most the powerful agrarian interests of the Empire. In the last few years, a vigorous agitation has been carried on in Germany against the extension of the "most favored nation" treatment to the United States, on two grounds: first, that the tariff concessions at present granted to us are not adequately reciprocated on our part; second, that the interpretation of the "most favored nation" principle by the United States differs very radically from the European interpretation in general, and the German in particular. According to the European interpretation of that principle, any concession affecting international commerce and navigation, whether in the matter of tariff rates, or the treatment of citizens doing business in foreign countries, or any other matter falling within the wide scope of commercial activity, when made by one country to a second country, must *ipso facto* be extended immediately, and without any compensation in re-

turn, to all the countries with which the first country has "most favored nation" agreements. The United States, on the other hand, has consistently and steadfastly refused to acquiesce in that broad interpretation of the principle, and has uniformly insisted that any concession made by it to any country in return for equivalent concessions would be extended to countries enjoying "most favored nation" treatment, on the sole condition that similar or equivalent concessions be made to the United States by the countries claiming such treatment. It may be said, in passing, that while the construction put upon the "most favored nation" principle by the United States has been heretofore denounced in Europe as selfish and smattering of mediæval backwardness and exclusiveness, the best economic thought in Europe has lately come around to our view, as a result of very disappointing experience some of the European countries have had in the practical application of their theory.

Be that as it may, the fact remains that, for the present, the United States enjoys greater advantages in those European countries with which it has "most favored nation" treaties than it accords to them. So far, the German government has failed to act in accordance with agrarian wishes, and has continued to abide by the agreement of 1900, refraining at the same time from formally denouncing the treaty of 1828, which established "most favored nation" treatment between the United States and Prussia. According to the terms of the agreement of 1900, the latter may be terminated at any time after "three months from the date when either party shall notify the other of its intention to terminate the same." Since the seven treaties, on which our agreement with Germany of 1900 is based, will expire on March 1st, 1906, that date will also terminate our agreement.

The question which remains to be considered is, whether Germany will be willing to conclude a new agreement with us on similar lines, that is to say, to extend to us her new conventional tariff rates in return for the concessions authorized in Section 3 of the Dingley Act, enumerated above, which are the only ones the President has power to extend, in the absence of new legislation on the subject by Congress. Judging from the attitude of the German government in the Reichstag at the time of the discussion of the new treaties, and from the semi-official utterances on the same by members of the Reichstag Committee on Tariff

Treaties, it may be surmised that before the end of this year the German government will accompany its notice of the termination of the agreement of 1900 with a proposition to open negotiations for a commercial treaty on new lines.

Assuming, for the sake of argument, that the offer of the German government would be entertained on this side, what are the respective strategic positions of the two parties to the negotiations? In presenting the newly concluded treaties for ratification by the Reichstag, the Imperial Government admitted that the high duties on agricultural products in the new tariff have put it at a disadvantage in the negotiations with foreign governments. Says the official report accompanying the treaties: "In shaping the new conventional tariffs, one object, above all, served as the guiding rule, namely, to preserve as far as possible the increased protection of German agriculture, aimed at in the new autonomous customs tariff. This, on the whole, has been successfully accomplished." At the same time, the admission is made that "with the considerable increases in rates which have been preserved on the German side of the tariff agreements, especially on agricultural products, it was impossible to obtain again those favors to our export industries which are embodied in the treaties at present in force." These two utterances, from official sources, are sufficient to show the disadvantage at which the Germans find themselves in negotiating treaties on the basis of the new tariff. Even as they are, some of these treaties could not be concluded until the eleventh hour, countries having a considerable export trade in agricultural products proving the most intractable. Negotiations with Russia, for instance, had to be broken off, and, but for the difficulties that country got into later on through the war with Japan, probably would never have been brought to a successful termination, on the present basis. In the circumstances, it paid Russia to conclude the treaty, in consideration of Germany's moral and financial support. Similar difficulties were encountered in the negotiations with Austria-Hungary. The result of these adverse conditions to Germany was that, under the rates of duty agreed upon in the seven treaties mentioned, only seven per cent. of the total value of the present exports of Germany to those seven countries will be subject to lower duties than they are paying at present; 41 *per cent.* will be subject to higher rates, and 52 per cent. will continue to pay the old rates.

If the powerful German Empire had to content itself with such poor results in her negotiations with second and third rate Powers, like Switzerland, Belgium, Rumania and Servia, what will be the probable attitude of mind of her negotiators when they approach the United States?

Of the seven countries with which Germany has concluded her commercial treaties, Austria-Hungary is the only one which buys more German goods than the United States. Moreover, the imports of the United States from Germany are larger than those of Russia, Rumania and Servia combined, and almost as large as those of the three countries mentioned, with Italy's thrown in to the bargain. The value of the respective exports of Germany to Belgium and Switzerland is less than two-thirds of her exports to the United States. Of the total exports from Germany to this country, which amounted in 1903 to almost \$120,000,000, \$28,000,000, or less than one-fourth, were admitted free of duty, consisting mostly of raw materials required in our industries, while about \$92,000,000, or more than three-fourths, were dutiable, being principally manufactured goods. On the other hand, cotton alone, which is admitted free to Germany, exceeds one-half of our exports to that country, and could not be subjected to a duty without disastrous consequences to the German cotton textile industries. In the negotiations for mutual concessions, the United States is therefore at an advantage, which puts us in a position to wrest substantial concessions on several of the articles of manufacture in which we are beginning to have a growing trade, in return for any concessions which this country would be willing to make. It should be borne in mind that the concessions made in the seven treaties under discussion do not by any means express the extreme length to which the German government may go. On the contrary, it is quite possible that the Imperial Government would be glad to make a number of additional reductions in its high tariff, in a treaty with this country. By so doing, it would please its own exporters who are clamoring for more favorable conditions for their export trade, as well as its manufacturers, since a number of reductions could be made from its duties on products used in the industries and arts, which the United States could supply in increased quantities at lower prices than now paid by German manufacturers and artisans. These include a wide range of goods, from machinery to hides.

Taking only the most important items of our export trade to Germany, it will be seen that on the following articles the United States could with advantage to our trade demand concessions in a conventional tariff, since they have not been affected so far by the conventional tariffs with the European countries: bacon, increase of duty 80 per cent.; fresh apples, formerly free, now subject to a duty of 27 cents per 100 pounds; cottonseed-oil, increase of duty 25 per cent.; leather, increase of duty from 100 to 150 per cent.; sewing-machines, 46 per cent.; typewriters, 150 per cent.; machinery, 60 per cent.

Another advantage we have over Germany should not be overlooked. Owing to our strict construction of the "most favored nation" clause, we may make any concessions to Germany that we find desirable, without being confronted with the necessity of extending unconditionally the same privileges to other countries, and thereby finding our calculations upset as to the possible consequences thereof to our trade. Germany, on the other hand, in making any concessions to this country, is thereby forced to extend them to all the countries with which she has "most favored nation" agreements. For that very reason, however, any concessions she would obtain from the United States would be of greater value to her than if we extended them indiscriminately to all of her competitors.

These advantages on our side, in the event of actual treaty negotiations, should not blind us, however, to the one salient feature of the situation created by the new German tariff, which is the imminent crippling of our trade with Germany in lines in which we have not a world monopoly, if the new autonomous tariff is applied to our exports to that country.

N. I. STONE.

P. S.—My attention has been called by the Italian Embassy to an inaccuracy in my article on the "International Aspect of our Tariff Situation" in the March issue of the *REVIEW*. On page 392 of that issue, the following statement appears: "Here, too [in Italy], we enjoy lower duties on a limited number of our products only, while paying the maximum duties on the rest of our exports." This statement was based on the Reciprocity Agreement with Italy, proclaimed by President McKinley, July 18th, 1900. While that agreement binds Italy to give us the lower rates specified therein on a limited number of articles only, the Italian Government, as a matter of fact, accords the minimum rates of duty, granted to most-favored nations, to *all* imports from the United States.—N. I. S.